

Draft Private Enterprise Policy

1. Objective

To encourage private enterprise to participate in community infrastructure development and ensure that public money is not used to displace private enterprise.

2. General Policy

Economic development is a part of the mission of the Denali Commission. Economic development is primarily a function of private enterprise, but a fundamental prerequisite for economic development is basic sustainable public infrastructure such as water and sewer, electric power, and bulk fuel storage facilities.

Private enterprise plays a role in Alaska in providing part of that basic public infrastructure, and the Commission intends to be supportive of that role consistent with the objective of providing basic sustainable public infrastructure at an affordable price. Where a private entity provides basic public infrastructure on a monopolistic basis it is expected that the Regulatory Commission of Alaska (RCA) will ensure that rates for use of that infrastructure are just and reasonable. In such instances where the RCA does not provide regulatory oversight, the Commission, or Commission partners may, after consultation with all affected entities, take steps to encourage availability of basic infrastructure at just and reasonable rates.

3. General Provisions

- A. All proposals for new or upgraded infrastructure facilities to be funded with Denali Commission funds shall be evaluated on the basis of public benefits resulting from the project. A proposal for funding may be approved where the facility is or will be owned, operated, and/or maintained by private entities only if there is found to be a direct and substantial public benefit from the project.

Funding decisions must take into account existing private enterprise in the community. Funding should not be used to create new or additional competition with existing private enterprise suppliers in the community.

4. Provisions Specific to Bulk Fuel Storage

- A. The developer of any bulk fuel storage consolidation project funded in whole or in part by Denali Commission funds will consult with all retail fuel suppliers within a community in the course of developing the project's conceptual design to ensure that their interests are understood and, the extent feasible, dealt with in the course of conceptual design.
- B. The existing market share balance among retail fuel suppliers within a community may be significantly altered as a result of a Denali Commission funding only if all of the affected retail fuel suppliers currently operating in the

D-R-A-F-T as of February 18, 2002 incorporating the Denali Commission's Energy Policy Advisory Committee's recommendations.

community agree to it. For each type of fuel, the existing market share for a retail fuel supplier is defined as that supplier's existing in-service storage capacity as a percentage of the total gallons of existing in-service storage capacity for all retail fuel suppliers in the community.

- C. Where multiple retail fuel suppliers are involved in a project, comparable levels of investment in project costs (based on market share) will be sought from each participating retail fuel supplier in the community, whether public or private.
- D. Denali Commission funds may be used to upgrade or replace fuel storage facilities owned by private sector retail fuel suppliers if there is determined to be significant public benefit. However, to ensure that long term project benefits flow through to the public, such new or improved fuel storage and dispensing facilities will be owned by a local government entity which shall lease a proportionate share of the facilities to the private sector fuel supplier at a nominal cost. The term of such lease or contract will be for the life of the assets.

5. Implementation

Denali Commission partners will have full responsibility for implementing this policy. The Denali Commission will monitor to ensure satisfactory implementation. This policy may be modified or waived only by agreement of the Denali Commission Chief of Staff and the involved Denali Commission Partner if it is determined that modification or waiver is in the public interest.

Issued by: _____ Date: _____